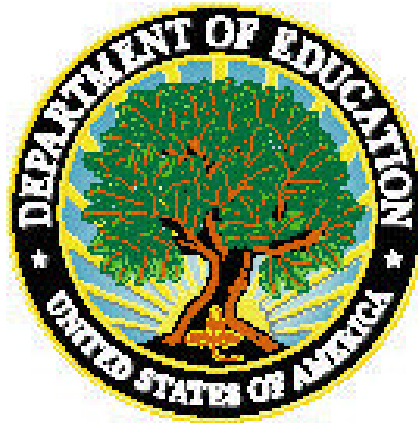


SFA Modernization Partner Project LEGACY CONTRACT TRANSITION PLAN

Central Data System (CDS)



**Part 1
System Write-up**

Central Data System (CDS)

CHANNEL:	Students
BUSINESS MANAGER:	Dan Hayward
COTR:	Michael Murray
CONTRACTOR:	ACS
CONTRACT NUMBER:	PM-94-0170-01 (Same contract as DLS)
CONTRACT AWARD DATE:	December 21, 1993
CONTRACT EXPIRATION DATE:	September 30, 2000
ANNUAL CONTRACT COSTS:	\$26 million

CDS is a router designed to route various direct loan data to any number of servicers and/or originators. This approach addressed the legislative mandate that there be multiple servicers for Direct Loans. That is not now the case – 1 servicer is acceptable. Therefore only ACS has been awarded a DLS contract. The current recommendation is to retire 5 of the 12 main processes and migrate the remaining 7 to other Direct Loan systems as shown below.

<u>Retiring Processes</u>	<u>Migrating Processes</u>
• Edits	• Order of Incoming Transactions (to LS)
• Transaction Routing	• Data Stores and Transformation (to LS)
• ICR Waivers	• EDA (to LS)
• System Balancing	• Routing LO/LC Cash Transactions & Drawdowns (to LS)
• LO/LS Images	• Interface Support (to LS)
	• School File-Updates & Maintenance (to LO)
	• Delinquency Reporting (to Data Warehouse)

The retirement and migration of these functions could be complete as early as November 2000.

WHO USES CDS?

External Users:

- Schools
- Students
- Other Government Agencies
 - IRS
 - Federal Reserve Bank
 - LockBox

Internal Users:

- DLOS
- DLCS
- DLSS
- NSLDS
- CFO

ANNUAL CONTRACT COST – OFSA FUNCTION PERCENTAGES

The annual contract costs for CDS are estimated to be approximately \$20 million in FY 99. The approximate percentages and annual cost for the CDS deliverables are as follows:

Schedule A (Deliverables):

201 - Maintain Loan Records	42.68%	8,626,800	
203 - Transfer Images	0.14%	28,550	
205 - Reconcile with Servicers	1.40%	283,000	
206 - Reconcile with PAS	0.78%	158,000	
210 - Reconcile with LO	1.21%	244,000	
208 - Disaster Recovery Demo	0.00%	0	
209 - Documentation Update	0.21%	43,000	
210 - Document Retrieval	0.00%	0	
212 - Update School File	0.04%	8,600	
213 - Perform Accounting Functions	2.93%	593,000	
214 - Support Servicing Contractors	1.23%	249,000	
215 - Support LO Contractors	0.80%	162,000	
216 - Support Other Contractors	0.38%	76,000	
217 - Process LockBox Pmts	1.46%	295,000	
225 - SF 224 Process	0.18%	36,000	
226 - Borrower Delinquency Report	0.00%	0	
227 - IRS Hardware Maintenance	0.11%	23,000	
228 - IRS Emergency Support	0.00%	0	
229 - IRS Software Maintenance	0.00%	500	
230 - MIS – Non-Fed Collection Report	0.02%	5,000	
231 - EDS Recycle Data	0.00%	0	
- Deliverable Adjustments	-0.26%	-53,400	
Total Schedule A (All Deliverables)	53.32%		10,778,050
Schedule B (Ad Hoc)	0.77%		156,000
Schedule C - Task Orders	30.78%		6,221,000
Schedule E - Key Personnel	15.13%		3,058,000
Total CDS Operating Costs	100.00%		20,213,050
FTS 2001 (not paid in this contract)			1,750,000

For FY00 the approximate Operating Costs are as follows:

Total CDS Operating Costs		
<u>Area</u>	<u>Percent</u>	<u>Amount</u>
Deliverables	29%	5,500,000
Task Orders	31%	6,000,000
Key Personnel	20%	3,900,000
VDC	20%	3,800,000
Total		19,200,000

PLANNED ENHANCEMENTS

None

PROBLEMS

As indicated above, the CDS will most likely not be retained in the long-term SFA architecture; however, depending on the timing of the migration of CDS's functions to other systems, CDS will need to be extended.

PLAN

Andersen Consulting (AC), as the Modernization Partner, has identified 23 initiatives which it has recommended that SFA execute. In the architecture being proposed by the Modernization Partner, there is a 3 tiered initiative being recommended for retiring CDS:

- 1) eliminate redundant or non-essential functions;
- 2) migrate some functions "Upstream" to other SFA systems; and
- 3) migrate other functions "Downstream" to the DLSS.

AC estimates that this may be accomplished by November 2000, at the earliest. Because the current contract expires September 30, 2000, a sole source extension to the existing contractor will be needed to continue to maintain service. In fact, the underlying contract under which CDS resides will remain in effect for three more years. Thus any extension of the CDS portion of the contract is not thought to be high risk. If this is the case, negotiations should begin as soon as possible since the CDS portion of the contract expires September 30, 2000.